

94TH CONGRESS } 2d Session }	HOUSE OF REPRESENTATIVES {	REPORT No. 94-1231
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DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1977

JUNE 8, 1976.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MAHON, from the Committee on Appropriations,
submitted the following

REPORT

together with

SEPARATE VIEWS

[To accompany H.R. 14262]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for the Department of Defense, and for other purposes, for the fiscal year ending September 30, 1977.

APPROPRIATIONS AND ESTIMATES

Appropriations for most military functions of the Department of Defense are provided for in the accompanying bill for the fiscal year 1977. This bill does not provide for military assistance, military construction, military family housing, or civil defense, which requirements are considered in connection with other appropriation bills.

The new budget (obligational) authority enacted for the fiscal year 1976, the President's budget estimates, as amended (House Documents Nos. 94-472 and 94-476), and amounts recommended by the Committee for the fiscal year 1977 appear in summary form in the following table beginning on page 2:

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gence. This is a useful change and should result in a more efficient use of intelligence dollars. The Committee fully supports this increased budgetary control by the Director of Central Intelligence.

On May 14, 1976, the Deputy Secretary of Defense (Intelligence) announced important organizational changes in Department of Defense intelligence activities. These changes are complex, and it is too early to judge their effectiveness.

In addition to organizational changes, there have been many personnel changes in intelligence programs. The Director of Central Intelligence, the Deputy Secretary of Defense (Intelligence), and the Director of the Defense Intelligence Agency are all recent appointments. The Assistant Secretary of Defense (Intelligence) and other important intelligence positions remain vacant.

With all of these organizational and personnel changes, there is an unusual degree of uncertainty as to where the intelligence community is headed in the coming fiscal year. This uncertainty is compounded by the continuing debate in Congress as to how the Congress should organize itself to oversee intelligence activities. Under these circumstances, the Committee has chosen to recommend an intelligence budget which will provide for the continuation of vital intelligence activities but which will not result in major new commitments until the future scope and direction of intelligence activities is more certain.

SEPARATE APPROPRIATION FOR INTELLIGENCE COMMUNITY OVERSIGHT

The one subject on which there appears to be general agreement both in the Executive Branch and in the Congress is the need for additional intelligence community oversight. The President in his Executive Order recognized this need by strengthening the authority of the Director of Central Intelligence. One of the key institutions to aid the Director in exercising his increased powers is the Intelligence Community Staff. According to testimony before the Committee by the Director of Central Intelligence, the Intelligence Community Staff is to be strengthened and upgraded in importance. The Committee fully supports this change.

While the Intelligence Community Staff has existed since 1971, it has been criticized by some elements of the intelligence community as being dominated by the Central Intelligence Agency which provided all its funds and many of its key personnel. In an apparent move to counter this allegation, the Intelligence Community Staff will soon be moved from CIA headquarters into renovated space near the Executive Office Building. Many of the recent senior appointments to the Intelligence Community Staff are personnel from non-CIA elements of the intelligence community. These also seem to be appropriate changes.

Whether past allegations that the Intelligence Community Staff had a CIA bias are valid or not, the Committee concurs with the need to establish both the appearance and the reality of independence for the Intelligence Community Staff and the United States Intelligence Board. All elements of the intelligence community must believe the Intelligence Community Staff and the United States Intelligence Board are impartial and neutral in fact as well as in name.

In order to further this image of impartiality and independence, the Committee is providing a separate appropriation of \$5,600,000 for "Intelligence Community Oversight". This separate appropriation will give an additional degree of independence to the Intelligence Community Staff and the United States Intelligence Board. This additional independence will help assure the strong oversight of the intelligence community which the Committee expects and demands.

While the accompanying report table indicates this is an increase of \$5,600,000 over the budget, in reality it is only a transfer from the CIA budget to an independent appropriation. However, the offsetting decrease of \$5,600,000 in the CIA budget is not apparent because of the Committee's continuing belief that the size and the location in this bill of the CIA budget should not be revealed. The Committee felt an exception to its general policy of concealment of the intelligence budget is merited in the case of the \$5,600,000 appropriation for "Intelligence Community Oversight" because it wants to assure the Congress unambiguously that the Committee supports increased oversight of the intelligence community.

INTELLIGENCE-RELATED PROGRAMS

The Committee has also made reductions of \$20 million in intelligence-related programs.

The scope of intelligence-related programs is inherently difficult to define since they occupy a grey zone between pure intelligence and direct support to individual field commanders. Reasonable men can disagree as to where the line should be drawn between intelligence and intelligence-related programs. Much of the controversy during the past year as to the true size of the intelligence community budget has revolved around the issue of where to draw the line between the two.

Because of the importance of this issue, the Committee during the past year has devoted a considerable amount of its time both in hearings and in negotiations with the Defense Department in trying to identify and review all funds for intelligence-related programs. This has been a difficult and frustrating process and the Committee is disappointed with the results to date.

The Defense Department, in material provided the Committee, defines intelligence-related programs as follows:

Intelligence-related programs and activities are distinguishable from those labeled national or strategic intelligence assets:

- (1) if they are not an integral part of the combat force structure;
- (2) if the data derived therefrom is usually provided directly to command elements for tactical operations and weapons system control; and,
- (3) if these activities support actual combat. Most important, the information obtained for these activities in wartime is provided in near real time to combat command elements to aid them in the deployment of their forces.

DDA- BACKGROUND

Report of the House Committee on Appropriations on the Department of Defense Appropriations Bill 1977--HR 14262 (HR pt 94 1231 tp 16-17)

This report acknowledged general agreement both in the Executive Branch and in the Congress for additional Intelligence Community oversight and cited EO 11905 in strengthening the DCI's authority in this respect. This report singled out the Intelligence Community Staff (ICS) as one of the "key institutions" to aid the DCI in exercising his increased powers. The report goes on to state that the committee fully supports efforts to strengthen and upgrade the importance of ICS and notes that one way to answer criticism that the ICS is being dominated by the CIA is that "the ICS will soon be moved from CIA Headquarters into renovated space near the Executive Office Building."